The Pittsburgh Foundation

Investment Policy Statement

External Portfolio Managers

Introduction

From time to time, The Pittsburgh Foundation ("TPF") will delegate to external portfolio managers ("External Managers") whole portfolios (the "Portfolios") consisting of at least one entire charitable fund as an alternative to creating a trust or co-mingling the assets in one of TPF's existing internal portfolios. The Portfolios covered by this Investment Policy Statement ("Statement") have been established to provide an investment vehicle for component charitable funds of TPF that have a long-term or perpetual time horizon and which are part of the TPF's corporate trust structure. The External Managers are tasked as a delegated fiduciary of TPF with regard to the assets placed in their care.

This Statement is established by the Investment Committee of the Board of Directors (the "Committee") for the guidance of the Committee, the Board of Directors, the External Managers and other fiduciaries in the course of investing the monies of the Portfolios. This Statement is intended to set forth an appropriate set of goals and objectives for the Portfolios' assets and to define guidelines within which the External Managers may formulate and execute their investment decisions. The Committee may amend this Statement both upon its own initiative and upon consideration of the advice and recommendations of the Board of Directors and its advisors. It is the policy of the Committee to review these goals and objectives at least once per year. The Committee will communicate any material changes to the External Managers.

Statement of Goals and Objectives

The investment goals and objectives for the Portfolios are as follows:

1. The Portfolios' investment objective is to maximize risk-adjusted returns over a long-term horizon. The Portfolios intend to achieve this objective by investing in multiple asset classes. These assets classes may include traditional assets (such as marketable equity and fixed income securities) and alternative assets (such as hedged equity and absolute return strategies, and inflation hedging investments including but not limited to real estate, commodities, timber, and TIPS) subject to the limitations as outlined below.

2. In order to meet the primary investment goal of the Portfolios, the average annual net total return over an extended period, after adjusting for inflation, should be sufficient to support a prudent spending rate as determined (see Appendix III) by the Finance Committee of the Board and sufficient to maintain the real (inflation-adjusted) value of the spending for the future. Such spending policy must conform to the laws of the state of Pennsylvania in which the foundation operates, specifically to those governing endowed funds and identified as Act 141. In order to have a reasonable probability of achieving the Portfolios' primary investment goal at an acceptable risk level, the Committee has adopted a long-term asset allocation policy. The overall capital structure targets and permissible ranges for eligible asset classes

are detailed in Appendix I.

The asset allocation will be determined, considering, among other things, the Portfolios' spending needs, liquidity and future Portfolios cash flows, the maximum portfolio support available to meet spending needs under various negative financial market scenarios, and the Foundation's financial condition including the amount of its liquid reserves. Also considered will be the expected long-term rates of return, volatility, and correlations among asset classes. The actual asset allocation will be reviewed no less frequently than on a quarterly basis and will be readjusted when an asset class weighting is outside its target range, at the External Manager's discretion or at the Committee's discretion.

3. The total return of the Portfolios will be evaluated relative to the stated goals and objectives. In doing this, the total return for the Portfolios, on a gross and net of fee basis, will be compared as follows to:
    a. An 70% S&P 500, 30% Barclays Aggregate Bond Index blended benchmark,
    b. The Portfolios' Policy Index (as described in Appendix I), and
    c. Peer External Managers as identified by the Committee and its advisors.
    d. A benchmark determined by the quarterly, not seasonally adjusted, CPI index plus 5% (the long term expected spending policy).

Investment Guidelines

The overall capital structure targets and permissible ranges for eligible asset classes are detailed in Appendix I.

Full discretion, within the parameters of the guidelines described herein, is granted to the External Managers regarding the selection of securities, employment of subordinate investment advisors or managers ("Sub-Advisors"), and the timing of transactions. The External Managers should determine that the securities to be purchased and Sub-Advisors to be employed are suitable for this account and appropriate measures should be taken to ensure adequate diversification. Furthermore, the selection of Sub-Advisors must be undertaken with due care and ongoing diligence. The Committee may establish additional guidelines specific to a particular External Manager at its discretion.

Public Equity Investments

The purpose of the equity allocation, broadly defined to include domestic stocks and foreign stocks, is to provide real appreciation of principal over the long run. It is recognized that equities could entail the assumption of greater return variability and risk. However, the diversification benefits of combining various equity components should enhance the overall portfolio risk-return profile. Hedged equity in the form of mutual funds and/or exchange traded funds may be used in the overall equity allocation as a means of improving risk adjusted returns.

The characteristics and performance of a manager's portfolio will be compared to the appropriate benchmark and to similar managers.

Diversifying Strategies

Diversifying Strategies may only be employed in portfolios where the External Manager has demonstrated experience investing in such assets and has the research capacity to perform proper due diligence on the investment strategy. These strategies should be in the form of mutual funds and/or exchange traded funds.

The role of diversifying strategies is to increase portfolio diversification through offering sources of return that are generally less correlated with traditional equity and fixed income markets. Also, diversifying strategies investments are expected to provide relatively consistent returns and principal protection in significantly down equity markets, while reducing the overall volatility of the portfolio.

The characteristics and performance of a manager's portfolio will be compared to the appropriate benchmark and to similar managers.

Inflation Hedging/Real Asset Investments

The purpose of inflation hedging investments (real estate investment trusts (REITs), TIPS, energy and other commodity mutual funds and/or exchange traded funds) is to help protect the purchasing power of the Fund against unexpected or severe inflation. External Managers can actively determine the extent of diversification across the aforementioned sub asset classes and tactically adjust the allocations in light of current valuations or may choose to utilize a diversified manager for a portion of this mandate.

The characteristics and performance of a manager's portfolio will be compared to the appropriate benchmark and to similar managers.

Fixed Income Investments

The purpose of the fixed income allocation is to provide a hedge against deflation, to provide current income, and to reduce overall volatility of the Fund. The characteristics of the fixed income allocation will be supportive of its intended role as a deflation hedge. The purpose of including opportunistic fixed income assets such as, but not limited to, global and high yield securities in the portfolio is to enhance the overall risk-return characteristics of the Fund. Credit oriented hedged credit mutual funds and/or exchange traded funds may be used in the overall fixed income allocation as a means of improving risk adjusted returns.

The characteristics and performance of a manager's portfolio will be compared to the appropriate benchmark and to similar managers.

Cash Assets

Custodian provided short-term investment funds are permissible investments for cash assets provided they carry an S&P rating of at least A1 or an equivalent rating.

Borrowing

Leverage shall not be employed at the portfolio level.

Derivatives

The Portfolios may not make direct investments in derivatives. Derivatives may not be used to leverage the Portfolios.

Prohibited Investments

External Manager-specific guidelines shall explicitly outline permissible actions. Private equity, private credit, private real estate, and hedge funds are prohibited without explicit permission.

Spending Policy

The long-term objective for the Portfolios' Spending Policy is to provide for a level of grantmaking and coverage of administrative costs that can be maintained on a real and nominal basis, net of gifts, over an extended horizon.

The Finance Committee of the Foundation's Board of Directors, in consultation with the Investment Committee, is responsible for developing a spending policy (i.e., formula and process for calculating annual spending/distributions), which it then recommends to the Board of Directors for approval.

The current spending policy is provided in Appendix III.

Proxy Voting

Responsibility for the exercise of ownership rights through proxy solicitations shall rest with the External Managers or delegated to Sub-Advisors, who shall exercise this responsibility strictly for the benefit of the Portfolios or component mandates as appropriate. External Managers shall report annually to the Committee and its Advisors their standing policies with respect to proxy voting, including any changes that have occurred in those policies.

Additionally, External Managers shall provide a written annual report of the proxy votes for all shares of stock in companies held in the Portfolios' investment program. These reports shall specifically note and explain any instances where proxies were not voted in accordance with standing policy.

Directed Commissions

External Managers shall use their best efforts to ensure that portfolio transactions are placed on a "best execution" basis. Additionally, arrangements to direct commissions shall only be implemented by specific authorization of the Committee with the expectation that any associated benefit ("soft dollars") would accrue to the Portfolios.

Custody

External Managers must maintain custody of all assets at a custodian suitable for the investment of the types of assets in its control and must be approved by TPF. Any changes to custodial agreements or the custodian require prior approval of TPF.

The primary role of the custodian bank shall be the safekeeping of securities. The custodian bank will assist and support the External Managers in their duties. Additionally, the custodian bank should provide access to monitor investments as requested by the Committee and its Advisors.

Monitoring of Goals, Objectives and Results

All goals, objectives and policies set forth in this statement are in effect until modified by the Committee and will be reviewed at least annually for their continued appropriateness.

If at any time an External Manager believes that any guideline inhibits investment performance, it is the External Manager's responsibility to communicate this view in writing to the Committee.

The Portfolios will be monitored on a continual basis for consistency in each External Manager's investment philosophy, return relative to objectives, investment risk as measured by asset concentrations, exposure to extreme economic conditions, and market volatility. Additionally, External Managers are required to inform the Committee of any significant change or proposed change in firm ownership, organizational structures, professional personnel, account structure (e.g. number, asset size and account minimums) or fundamental investment philosophy prior to the implementation of any such change. For unanticipated changes TPF should be notified within 5 business days.

External Managers have the sole responsibility and fiduciary duty in the oversight and monitoring of Sub-Advisors.

Securities Lending

Lending of securities is not permissible as part of the investment program at the portfolio level.

Implementation

All monies invested for the Portfolios by its External Managers shall conform to this policy. The Statement was adopted by the Committee at its meeting on February 14, 2019. The Statement was last amended by the Committee at its meeting on February 14, 2019.

Approved By: ____________________

Date: February 14, 2019

APPENDIX I

Asset Allocation Policy

In order to have a reasonable probability of achieving the Portfolios' investment goals and objectives at an acceptable risk level, the Committee has adopted the long-term asset allocation policy outlined below. The actual asset allocation will be reviewed on a quarterly basis by the Committee and/or its Advisors. External Managers may intentionally deviate from the long-term asset allocation target from time to time, while remaining within the permissible ranges. The actual asset allocation will be readjusted when an asset class weighting is outside its permissible range.

External Managers may be approved for an alternate Asset Allocation Policy as a written amendment to this Statement, at the discretion of the Committee.

ASSET CLASS	**PERMISSIBLE RANGES**	**BENCHMARK**
Domestic Public Equity	25-55%	
International Public Equity	20-35%	
Developed Markets	*10-35%*	
Emerging Markets	*0-10%*	
Global Hedged Equity	0-10%	
Total Equity	**45-80%**	MSCI ACWI
Diversifying Strategies	**0-10%**	90-day T-Bills + 5%
Inflation Hedging / Real Assets	**0-10%**	CPI-U + 5%
Core Fixed Income & Cash	20-45%	
Opportunistic & Hedged Credit	0-10%	
Total Fixed Income & Cash	**20-45%**	Barclays Aggregate Bond Index
Total	**100%**	

The Portfolios' Policy Index is a custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the asset allocation targets set forth in this investment policy statement. It is useful in separating the impact of investment policy from execution of the investment strategy in evaluating the performance of the Portfolios' investment program. Two calculations are used in this regard: 1. The Policy Index is calculated by multiplying the index returns at the following weightings: 70% S&P 500, 30% Barclays Aggregate Bond Index; and 2. the Allocation Index is calculated by multiplying the actual commitment to each asset class/strategy by the above referenced index returns.

APPENDIX II

Externally Managed Investment Portfolios
Portfolio Manager Reporting Requirements

<u>As Necessary</u> (based on occurrence)

1. Review of Organizational Structure
    A. Organizational changes (i.e., ownership).
    B. Discussion of any material changes to the investment process.
    C. Departures/additions to material investment staff.
    D. Material changes in assets under management for the product managed on behalf of the Portfolios and for total firm.

<u>Quarterly</u>

1. Performance Review
    A. Present total Portfolios and asset class returns for last calendar quarter, year-to-date, last year, last three years, last five years and since inception versus designated benchmarks. Show both pre- and post-fee returns.
    B. Discuss performance relative to benchmarks; provide attribution analysis which identifies returns due to allocation and selection decisions, as appropriate.
    C. Provide portfolio characteristics relative to benchmark.

2. Provide Portfolio Holdings
    A. Present book value and current market value.
    B. List individual securities by sector, asset class, or country, as appropriate.

3. Other Comments or Information

<u>Annually</u>

1. Review of Investment Process and Evaluation of Portfolio Management Process
    A. Brief review of investment process.
    B. Investment strategy used over the past year and underlying rationale.
    C. Evaluation (in hindsight) of strategy's appropriateness.
    D. Evaluation of strategy's success/disappointments.
    E. Current investment strategy and underlying rationale.
    F. External Managers shall report to the Committee standing policies with respect to proxy voting, including any changes that have occurred in those policies.

APPENDIX III

The Spending Policy of The Pittsburgh Foundation 2023

The spending policy of the organization shall be 5% of a 36 month rolling average, approved on December 6, 2022. This spending policy is governed by Pennsylvania Act 141 for which the statutory reference is 15 P.C.S. section 5548(c) that stipulates the spending policy must be a minimum of 2% and a maximum of 7%.